

Amendments to Senate Bill No. 439  
1st Reading Copy

For the Senate Taxation Committee

Prepared by Lee Heiman  
February 20, 2007 (1:42pm)

SENATE TAXATION

EXHIBIT NO. 4

DATE 2-21-07

FILE NO. SB-439

1. Page 2.

**Following:** line 8

**Insert:** "(2) (a) The provisions of [sections 1 through 12] do not apply to a remittor that produces less than 50,000 barrels of oil and less than 300,000 thousand cubic feet of gas annually. The department shall determine a remittor's annual production of oil and gas based upon a 3-year rolling average of the remittor's annual production as reported by the remittor to the Montana board of oil and gas conservation.

(b) Each producer that is exempted from withholding under subsection (2)(a) shall make an annual return to report royalty payments to persons other than Montana residents that exceed the dollar amounts in subsection (3). The return must be made under rules adopted by the department and be as nearly identical as possible to federal rules for internal revenue service form 1099 under section 6041, et seq., of the Internal Revenue Code, 26 U.S.C. 6041, et seq."

**Renumber:** subsequent subsection

2. Page 2.

**Following:** line 13

**Insert:** "(4) The department may, by rule, establish minimum royalty amounts subject to withholding under the provisions of [sections 1 through 12], other than for oil and gas production, if the department determines that the withholding against the minimal amount of royalties is inefficient."

- END -